

Fiscal Estimate Narratives

DATCP 1/25/2008

LRB Number 07-1504/1	Introduction Number AB-0713	Estimate Type Original
Description Minimum markup laws		

Assumptions Used in Arriving at Fiscal Estimate

The Unfair Sales Act prohibits retailers and wholesalers from selling products at a price that is less than the sellers "cost" as the term is defined in the act. (For certain product, the statutory definition of "cost" includes a minimum markup to represent the "cost of doing business." However, for most products, including prescription drugs, "cost" is defined, generally, as the price paid by the seller.)

Current law contains a list of exceptions to the prohibition of selling merchandise below cost. For example, current exceptions include meeting the price of a competitor, seasonal clearance sales, going out of business sales, etc. This proposed bill would add an additional exception allowing for sales below cost as long as the merchandise sold is prescription drugs.

DATCP is the agency primarily responsible for state enforcement of the Unfair Sales Sales Act. Generally, DATCP conducts investigations of alleged Unfair Sales Act violations based on complaints. In recent years we have not received any complaints relating to allegedly selling prescription drugs at a price that is less than cost. Therefore, we estimate that this bill would not have any significant fiscal effect on DATCP.

Long-Range Fiscal Implications